



Stanford eCorner

Navigating Regulation

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April 13, 2011

Video URL: <http://ecorner.stanford.edu/videos/2706/Navigating-Regulation>

While it is expensive to comply with regulations, dealing with regulators is not as bad as people often make it out to be, says SecondMarket CEO Barry Silbert. While his company is definitely regulated, Silbert believes SecondMarket is often seen as one of the "good guys" for helping to deal with troubled assets.



Transcript

So on the regulatory fronts, it's pretty interesting. It has become a retro-broker dealer which is the kind of the FINRA designation of regulation, it's somewhat expensive, it's somewhat time consuming and you've got to put a lot of policies and procedures in place but dealing with the regulators is not nearly as bad as people make it seem. And I think we've had a unique experience because the regulators, again, in my experience, they view us as the good guys. We don't create toxic assets. We don't buy... invest in these assets ourselves. We're not giving advice, we're not managing money and putting people on auction and securities and so when the regulators come through, they come through probably once or twice a year for announced and unannounced visits, it's really been a part in education process. We're educating them kind of what our business is. And then it has been them just going through... and it's amazing they review emails and all types of communications and they kind of put you through your paces.

And then on the SEC fronts, we are an alternative trading system which we have to basically provide... I think it's probably monthly reports the SEC on activity but it's really not that difficult to be regulated other than expensive.